

STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE

BOARD OF COMMISSIONERS - CORPORATION TAX BUREAU

In the Matter of the Applications of

MARX & NEWMAN COMPANY, INC.

for refund of franchise taxes under
Article 9A of the Tax Law for the
fiscal periods ended October 31, 1962,
1963 and 1964.

Hearing Case No. 5498

The taxes were computed and paid as follows:

<u>Year Ended</u>	<u>Net Income</u>	<u>Tax at 5 1/2%</u>	<u>Report Filed</u>
10/31/62	\$245,858.99	\$13,522.24	2/1/63
10/31/63	618,313.48	34,007.24	1/9/64
10/31/64	380,280.60	20,915.43	1/8/65

Timely applications were filed October 6, 1965, claiming a business allocation.

The taxpayer was incorporated in New York State March 25, 1946, and did not claim an allocation on its original returns. Amended franchise tax returns have been filed with its applications, indicating its business consists of the importation and sale of ladies shoes, which are purchased from suppliers in Italy.

In order to properly supervise the manufacture of products purchased from the suppliers, the taxpayer maintains an office in Florence, Italy, where it has three employees. These employees are in constant touch with the suppliers, keep all records and documents pertaining to the production of merchandise which the taxpayer orders and they expedite the shipment of such merchandise to the taxpayer's customers.

The Board has concluded that the taxpayer is entitled to a business allocation. However, the taxpayer, in computing the taxes on the amended reports submitted with its applications, erroneously included in the property factor merchandise in transit from Italy to New York. In addition, the receipts factor, for each of the years, has been revised to allocate to New York, commission income earned on sales in Canada and Europe by agents which we have considered to be attached to the New York office.

The Board recommends the following recomputed taxes:

<u>Year Ended</u>	<u>Net Income</u>	<u>Business %</u>	<u>Income Allocable N. Y.</u>	<u>Recomputed Tax</u>	<u>Original Tax</u>	<u>Reduction</u>
10/31/62	\$245,858.99	81.3773	\$200,073.41	\$11,004.04	\$13,522.24	\$2,518.20
10/31/63	618,313.48	82.2968	508,852.21	27,986.87	34,007.24	6,020.37
10/31/64	380,280.60	80.8755	307,553.84	16,915.46	20,915.43	3,999.97

/s/

W. F. SULLIVAN

Chairman

/s/

DONALD GILHOOLY

Approved

E. A. DORAN

Approved JAMES R. MACDUFF

11/24/65

IRA J. PALESTIN

11/30/65

BC:MB

11/19/65

FEDERAL BUREAU OF INVESTIGATION

MEMORANDUM FOR THE DIRECTOR, FBI

DATE: 10/10/50

TO: SAC, NEW YORK

FROM: SAC, NEW YORK (100-100000)

SUBJECT: [Illegible]

RE: [Illegible]

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